

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON D.C. 20549

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FORM 8-K/A

Current Report Pursuant to Section 13 or 15(d) of  
The Securities Exchange Act of 1934

Date of report (Date of earliest event reported): June 1, 1998

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HARRAH'S ENTERTAINMENT, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	1-10410	62-1411755
(State or other jurisdiction	(Commission	(I.R.S. Employer
of incorporation or	File Number)	Identification No.)
organization)		

1023 CHERRY ROAD	
MEMPHIS, TENNESSEE	38117
(Address of Principal Executive	(Zip Code)
Offices)	

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(901) 762-8600

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(Registrant's telephone number, including area code)

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(Former name or former address, if changed since last report.)

## ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

On June 1, 1998, the Registrant consummated its acquisition of Showboat, Inc., a Nevada corporation ("Showboat"), pursuant to that certain Agreement and Plan of Merger (the "Merger Agreement"), dated as of December 18, 1997, by and among the Registrant, HEI Acquisition Corp., a Nevada corporation and an indirect wholly-owned subsidiary of the Registrant ("Merger Sub"), and Showboat. The Registrant's acquisition of Showboat was effected by merging Merger Sub with and into Showboat (the "Merger") with Showboat continuing as the surviving corporation.

A special meeting of the stockholders of Showboat was held on April 23, 1998, at which the stockholders were asked, pursuant to a Proxy Statement dated March 20, 1998, to consider and vote upon the Merger Agreement. The stockholders of Showboat approved and adopted the Merger Agreement at the meeting.

Following receipt of stockholder and other regulatory approvals, Articles of Merger with respect to the Merger were filed with the Secretary of State of the State of Nevada. This filing was accepted and the Merger became effective on June 1, 1998 with the result that Showboat became an indirect wholly-owned subsidiary of the Registrant.

Upon consummation of the Merger, the Registrant acquired Showboat for \$30.75 per issued and outstanding share of common stock, par value \$1.00 per share, in an all-cash transaction valued at approximately \$512 million in the aggregate and assumed approximately \$635 million of Showboat debt. The Registrant borrowed substantially all of the funds needed to pay such merger consideration and other expenses related to the Merger and to assume such indebtedness under its existing credit facility.

The Registrant's common stock is listed on the New York Stock Exchange, Inc. and trades under the symbol "HET." The Registrant's common stock also is listed on the Chicago Stock Exchange, the Pacific Exchange, Inc. and the Philadelphia Stock Exchange.

## ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial statements of businesses acquired.

The audited financial statements of Showboat for the three previous fiscal years, and the accountant's report related thereto, set forth in Showboat's Annual Report on Form 10-K for the fiscal year ended December 31, 1997, and the unaudited financial statements for the period ended March 31, 1998 set forth in Showboat's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998, are incorporated herein by reference.

(b) Pro forma financial information.

The Unaudited Pro Forma Consolidated Condensed Statements of Income of the Registrant for the six months ended June 30, 1998 and the year ended December 31, 1997, giving effect to the Registrant's acquisition of Showboat and certain related transactions, are attached as Exhibit 99.2 and incorporated herein by reference.

(c) Exhibits

2.1 Agreement and Plan of Merger, dated as of December 18, 1997, by and among Harrah's Entertainment, Inc., HEI Acquisition Corp. and Showboat, Inc. (incorporated by reference from Harrah's Current Report on Form 8-K, dated December 18, 1997).

23.1 Consent of KPMG Peat Marwick L.L.P.\*

99.1 Text of Press Release, dated June 1, 1998.\*

99.2 Harrah's Entertainment, Inc. Unaudited Pro Forma Consolidated Condensed Statements of Income for the six months ended June 30, 1998 and the year ended December 31, 1997.

\* Previously filed.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HARRAH'S ENTERTAINMENT, INC.

Date: August 14, 1998

By: /s/ E.O. Robinson, Jr.

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Name: E.O. Robinson, Jr.

Title: Senior Vice President and  
General Counsel

## HARRAH'S ENTERTAINMENT, INC.

## UNAUDITED PRO FORMA CONDENSED STATEMENTS OF INCOME

The following unaudited pro forma condensed statements of income are based upon the historical consolidated financial statements of Harrah's Entertainment, Inc. ("Harrah's") and Showboat, Inc. ("Showboat," and together with Harrah's, the "Company") and should be read in conjunction with their respective consolidated financial statements and related notes. Harrah's acquired Showboat in a transaction which was consummated on June 1, 1998. The acquisition is being accounted for as a purchase. The Company completed tender offers and consent solicitations and retired a portion of the debt assumed in the acquisition on June 15, 1998.

As further described in the accompanying footnotes, the unaudited pro forma condensed statements of income for the six months ended June 30, 1998, and the year ended December 31, 1997, give effect to (i) the acquisition by Harrah's of Showboat applying the purchase method of accounting, (ii) the refinancing of certain of Showboat's existing indebtedness, (iii) certain estimated operational benefits attributable to the merger, (iv) de-consolidation of the Showboat East Chicago property, in which the Company holds a 55% non-controlling interest and (v) the presentation of the Showboat Las Vegas property as an asset held for sale. The pro forma results assume the transactions were consummated on the first day of the period presented.

The unaudited pro forma condensed statements of income have been prepared based upon currently available information and assumptions deemed appropriate by the Company's management. This pro forma information may not be indicative of what actual results would have been, nor does such data purport to represent the Company's operating results for future periods.

HARRAH'S ENTERTAINMENT, INC.  
 UNAUDITED PRO FORMA CONSOLIDATED CONDENSED  
 STATEMENT OF INCOME  
 FOR THE SIX MONTHS ENDED JUNE 30, 1998

(In millions, except per share amounts)	Harrah's Historical (Note 1)	Showboat Historical (Note 2)	Pro Forma Adjustments (Note 3)	Harrah's As Adjusted
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Revenues				
Casino	\$730.4	\$237.6	\$(92.7) (a)	\$875.3
Food and beverage	104.3	25.9	(10.4) (a)	119.8
Rooms	69.8	9.7	(2.5) (a)	77.0
Management fees	32.3	4.4	(0.5) (a)	36.2
Other	37.1	4.1	(1.8) (a)	39.4
Less: casino promotional allowances	(80.8)	(17.4)	3.0 (a)	(95.2)
	-----	-----	-----	-----
Total revenues	893.1	264.3	(104.9)	1,052.5
	-----	-----	-----	-----
Operating expenses				
Direct				
Casino	395.6	100.6	(42.4) (a)	453.8
Food and beverage	53.9	27.6	(11.7) (a)	69.8
Rooms	20.4	6.1	(1.6) (a)	24.9
Depreciation of buildings, riverboats and equipment	61.1	19.0	(7.7) (a)	72.4
Equity in (income) losses of nonconsolidated subsidiaries	6.3	1.2	2.9 (a)	10.4
Project opening costs	6.0	-	-	6.0
Other	219.9	108.1	(38.8) (a)	269.4
			6.2 (b)	
			(26.0) (c)	
	-----	-----	-----	-----
Total operating expenses	763.2	262.6	(119.1)	906.7
	-----	-----	-----	-----
Income from operations	129.9	1.7	14.2	145.8
Interest expense, net of interest capitalized	(44.9)	(29.7)	9.1 (a)	(75.1)
			5.0 (d)	
			(14.6) (e)	
Other income, including interest income	18.7	1.8	(0.1) (a)	20.4
	-----	-----	-----	-----
Income before income taxes and minority interests	103.7	(26.2)	13.6	91.1
Provision for income taxes	(38.0)	4.0	(7.5) (g)	(41.5)
Minority interests	(3.8)	-	-	(3.8)
	-----	-----	-----	-----
Income from continuing operations	\$61.9	\$(22.2)	\$6.1	\$45.8
	-----	-----	-----	-----
Income from continuing operations per share				
Basic	\$0.62			\$0.46
	-----			-----
Diluted	\$0.61			\$0.45
	-----			-----
Average common shares outstanding	100.2			100.2
	-----			-----
Average common and common equivalent shares outstanding	101.5			101.5
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HARRAH'S ENTERTAINMENT, INC.  
UNAUDITED PRO FORMA CONSOLIDATED CONDENSED  
STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 1997

(In millions, except per share amounts)	Harrah's Historical (Note 1)	Showboat Historical (Note 2)	Pro Forma Adjustments (Note 3)	Harrah's As Adjusted
	-----	-----	-----	-----
Revenues				
Casino	\$1,338.0	\$497.1	\$(152.8)	(a) \$1,682.3
Food and beverage	196.8	62.7	(20.9)	(a) 238.6
Rooms	128.4	25.4	(6.1)	(a) 147.7
Management fees	24.6	5.7	-	(a) 30.3
Other	78.9	10.7	(5.5)	(a) 84.1
Less: casino promotional allowances	(147.5)	(44.8)	6.4	(a) (185.9)
	-----	-----	-----	-----
Total revenues	1,619.2	556.8	(178.9)	1,997.1
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Operating expenses				
Direct				
Casino	685.9	252.8	(79.0)	(a) 859.7
Food and beverage	103.6	37.4	(18.4)	(a) 122.6
Rooms	39.7	6.6	(3.7)	(a) 42.6
Depreciation of buildings, riverboats and equipment	103.7	40.8	(14.3)	(a) 130.2
Equity in (income) losses of nonconsolidated subsidiaries	11.1	3.5	23.9	(a) 38.5
Project opening costs	17.6	9.6	(9.6)	(a) 17.6
Other	444.1	180.0	(65.2)	(a) 552.2
			15.3	(b)
			(22.0)	(c)
	-----	-----	-----	-----
Total operating expenses	1,405.7	530.7	(173.0)	1,763.4
	-----	-----	-----	-----
Income from operations	213.5	26.1	(5.9)	233.7
Interest expense, net of interest capitalized	(79.1)	(49.4)	16.6	(a) (134.5)
			10.9	(d)
			(33.5)	(e)
Other income, including interest income	49.2	5.1	(1.0)	(a) 53.3
	-----	-----	-----	-----
Income before income taxes and minority interests	183.6	(18.2)	(12.9)	152.5
Provision for income taxes	(68.7)	2.3	(1.9)	(g) (68.3)
Minority interests	(7.4)	(2.6)	2.6	(a) (7.4)
	-----	-----	-----	-----
Income from continuing operations	\$107.5	\$(18.5)	\$(12.2)	\$76.8
	-----	-----	-----	-----
Income from continuing operations per share				
Basic	\$1.07			\$0.76
	-----			-----
Diluted	\$1.06			\$0.76
	-----			-----
Average common shares outstanding	100.6			100.6
	-----			-----
Average common and common equivalent shares outstanding	101.3			101.3
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HARRAH'S ENTERTAINMENT, INC.  
NOTES TO UNAUDITED PRO FORMA CONSOLIDATED CONDENSED  
STATEMENTS OF INCOME

Note 1 - Historical financial information for Harrah's for the six months ended June 30, 1998, and for the year ended December 31, 1997, has been derived from the Harrah's historical financial statements. Harrah's financial statements for the six month period ended June 30, 1998, include Showboat's operations after its June 1, 1998, acquisition by Harrah's.

Note 2 - The Showboat historical financial information for the year ended December 31, 1997, has been derived from Showboat's historical financial information. Showboat's historical financial results reflected on the Unaudited Pro Forma Consolidated Condensed Statement of Income for the Six Months Ended June 30, 1998, include only the five months of Showboat's operations prior to its June 1, 1998, acquisition by Harrah's.

Note 3 - Following are brief descriptions of the pro forma adjustments.

(a) Adjusts the historical statements of income to reflect the operating results of Showboat East Chicago as being accounted for under the equity method (rather than consolidated) and to remove the operating results of Showboat Las Vegas. The Company owns a 55% non-controlling interest in the partnership which owns and operates Showboat East Chicago. Showboat Las Vegas is being carried by the Company as an asset held for sale, and as such, is carried on the Company's balance sheet at its estimated realizable value, net of estimated selling expenses and carrying costs through the expected date of sale. The net impact on income from continuing operations of the pro forma adjustments related to East Chicago is zero. The net impact of the adjustments related to Showboat Las Vegas is to increase income from continuing operations by \$2.1 million for the six months ended June 30, 1998, and \$3.5 million for the year ended December 31, 1998.

(b) Reflects estimated expense for the amortization of the excess of the purchase price paid over the net book value of the assets acquired. The Company is currently in process of allocating the purchase price among the assets acquired and the liabilities assumed based on fair market values, as determined by appraisals, discounted cash flows, quoted market prices and estimates made by management. For purposes of these pro forma statements, it is assumed that the excess purchase price will be amortized over an average life of 30 years.

(c) Reflects adjustments for transaction costs expensed by Showboat in pre-transaction periods and estimated administrative costs savings to be realized as a result of merger efficiencies.

(d) Reflects reduction in interest expense for the impact of the Company's retirement of \$218.6 million face amount of Showboat's 9 1/4% First Mortgage Bonds due 2008 and \$117.9 million face amount of Showboat's Senior Subordinated Notes due 2009 using funds drawn under Harrah's revolving credit facility. See Note (f).



(e) Reflects additional interest expense, including amortization of related deferred finance charges, arising from the incremental borrowings incurred by the Company to fund the purchase of Showboat's outstanding common stock. See Note (f).

(f) The funds required to fund the retirement of a portion of Showboat's outstanding debt (see Note (d)) and the purchase of Showboat's outstanding common stock (see Note (e)) were provided by Harrah's revolving credit facility and the pro forma affects on interest expense have been computed at an average floating rate of 6.26% for the six months ended June 30, 1998, and 6.29% for the year ended December 31, 1997. Each 1/8 of a percent change in the floating rate on these borrowings would result in a change in interest expense of \$1.1 million for the six months ended June 30, 1998, and \$0.6 million for the year ended December 31, 1997.

(g) Records the estimated tax effect of the pro forma adjustments, with the exception of the amortization of the unallocated purchase price, which is assumed to be nondeductible for tax purposes.